

Director: Patrick Chorpenning

JLBC Analyst: Kimberly Cordes-Sween

|                                            | FY 2005<br>Actual | FY 2006<br>Estimate | FY 2007<br>Approved            |
|--------------------------------------------|-------------------|---------------------|--------------------------------|
| <b>OPERATING BUDGET</b>                    |                   |                     |                                |
| <i>Full Time Equivalent Positions</i>      | 299.3             | 299.3               | 324.3 <sup>1/</sup>            |
| Personal Services                          | 8,969,900         | 9,436,200           | 9,041,600                      |
| Employee Related Expenditures              | 2,827,200         | 3,282,400           | 3,714,300                      |
| Professional and Outside Services          | 176,200           | 188,500             | 184,900                        |
| Travel - In State                          | 46,900            | 50,500              | 36,000                         |
| Travel - Out of State                      | 17,200            | 13,500              | 13,500                         |
| Other Operating Expenditures               | 1,725,300         | 1,708,700           | 1,764,900                      |
| Food                                       | 412,100           | 415,000             | 415,000                        |
| Equipment                                  | 278,200           | 219,400             | 190,000                        |
| <b>OPERATING SUBTOTAL</b>                  | <b>14,453,000</b> | <b>15,314,200</b>   | <b>15,360,200</b>              |
| <b>SPECIAL LINE ITEMS</b>                  |                   |                     |                                |
| Ch. 355 Pearl Harbor Memorial              | 0                 | 0                   | 69,000                         |
| Northern Arizona Cemetery                  | 0                 | 0                   | 182,700                        |
| Southern Arizona Cemetery                  | 134,700           | 138,500             | 272,100                        |
| Telemedicine Project                       | 10,000            | 10,000              | 10,000                         |
| Veterans' Benefit Counseling               | 0                 | 0                   | 2,209,600                      |
| Veterans' Organizations Contracts          | 29,200            | 29,200              | 29,200                         |
| <b>AGENCY TOTAL</b>                        | <b>14,626,900</b> | <b>15,491,900</b>   | <b>18,132,800<sup>2/</sup></b> |
| <b>FUND SOURCES</b>                        |                   |                     |                                |
| General Fund                               | 2,259,300         | 2,385,400           | 4,149,700                      |
| <u>Other Appropriated Funds</u>            |                   |                     |                                |
| State Home for Veterans' Trust Fund        | 11,778,700        | 12,417,900          | 13,262,100                     |
| State Veterans' Conservatorship Fund       | 588,900           | 690,800             | 721,000                        |
| <b>SUBTOTAL - Other Appropriated Funds</b> | <b>12,367,600</b> | <b>13,108,700</b>   | <b>13,983,100</b>              |
| <b>SUBTOTAL - Appropriated Funds</b>       | <b>14,626,900</b> | <b>15,494,100</b>   | <b>18,132,800</b>              |
| Other Non-Appropriated Funds               | 592,200           | 440,500             | 440,500                        |
| Federal Funds                              | 401,700           | 375,200             | 384,700                        |
| <b>TOTAL - ALL SOURCES</b>                 | <b>15,620,800</b> | <b>16,309,800</b>   | <b>18,958,000</b>              |

**AGENCY DESCRIPTION** — The agency assists veterans in developing and filing claims for federal entitlements, acts as a guardian or conservator for incapacitated veterans or their families and supervises and operates a 200-bed skilled nursing home for Arizona veterans in Phoenix.

|                                                                                                                 | FY 2003<br>Actual | FY 2004<br>Actual | FY 2005<br>Actual | FY 2007<br>Approved |
|-----------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|---------------------|
| <b>PERFORMANCE MEASURES</b>                                                                                     |                   |                   |                   |                     |
| • Department of Health Services quality rating of the Veterans' Home ("excellent", "standard" or "substandard") | Excellent         | Excellent         | Excellent         | Excellent           |
| • % of customers rating department's services as "good" or "excellent"                                          | 98                | 98                | 99                | 95                  |

<sup>1/</sup> Includes 50 FTE Positions funded from Special Line Items in FY 2007.

<sup>2/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

This agency's budget was originally appropriated in Laws 2005, Chapter 286. For details on this agency's original FY 2007 budget, please see the *FY 2006 Appropriations Report*. Laws 2006, Chapter 344 made adjustments to the agency's FY 2007 budget as discussed below.

### **Operating Budget**

The budget provides \$15,360,200 for the operating budget in FY 2007. This amount consists of:

|                                      | <u>FY 2007</u> |
|--------------------------------------|----------------|
| General Fund                         | \$1,387,100    |
| State Home for Veterans' Trust Fund  | 13,252,100     |
| State Veterans' Conservatorship Fund | 721,000        |

These amounts include an increase of \$1,435,800 for statewide adjustments. This amount consists of:

|                                      |           |
|--------------------------------------|-----------|
| General Fund                         | 140,100   |
| State Home for Veterans' Trust Fund  | 1,222,900 |
| State Veterans' Conservatorship Fund | 72,800    |

*(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

#### **Establish Veterans' Benefit Counseling Special Line Item**

The budget provides a transfer of \$(945,000) and (23) FTE Positions from the General Fund in the FY 2007 operating budget to establish a separate Special Line Item for veterans' benefits counseling. *(See the Veterans' Benefits Counseling Special Line Item section for more information.)*

#### **Rural Veteran Outreach Program**

The budget provides an increase of \$50,000 from the General Fund in FY 2007 for outreach events in rural Arizona. The Department of Veterans' Services will hold 5 events that are intended to bring state agencies and veterans' service organizations together to better inform rural veterans of available services.

### **Special Line Items**

#### **Ch. 355 Pearl Harbor Memorial**

Laws 2006, Chapter 355 provides \$69,000 of one-time monies from the General Fund in FY 2007 to build a national Pearl Harbor memorial and visitor center in Honolulu, Hawaii. This total represents a one dollar contribution for each Arizona serviceman and servicewoman who served during World War II. In order to establish the Pearl Harbor Memorial, donations are being collected from each state.

#### **Northern Arizona Cemetery**

The budget provides \$182,700 from the General Fund in FY 2007 to provide one-time pre-construction costs for a Northern Arizona Cemetery. The State Veteran Cemetery

Fund was originally established to provide start-up monies for 3 new veteran cemeteries but the fund balance was depleted for operation of the Southern Arizona Cemetery (Laws 2003, Chapter 265). Funding would allow the department to begin the pre-construction phase of the Northern Arizona Veteran Cemetery.

#### **Southern Arizona Cemetery**

The budget provides \$272,100 and 2 FTE Positions from the General Fund for the Southern Arizona Cemetery in FY 2007. The amount includes \$13,700 from the General Fund for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

#### **Cemetery Maintenance**

The budget provides an increase \$121,500 from the General Fund in FY 2007 for Southern Arizona Veterans' Cemetery maintenance and operation. Current maintenance and operation costs are funded with the General Fund appropriation and non-appropriated Cemetery Trust monies derived from internments. Currently, operation and maintenance costs exceed revenue available to the Department of Veterans' Services for this purpose. This additional funding will support all maintenance and operation costs, while allowing the department to invest proceeds from internments for perpetual care of the cemetery.

The monies in this line item are used to fund operating and maintenance costs at the Southern Arizona Cemetery in Sierra Vista.

#### **Veterans' Benefit Counseling**

The budget provides \$2,209,600 and 48 FTE Positions from the General Fund in FY 2007 to establish a separate Special Line Item for veterans' benefits counseling and includes a transfer of \$945,000 and 23 FTE Positions from the operating budget. The amount includes an increase of \$139,600 from the General Fund for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

#### **Additional Veterans' Benefit Counseling Staff**

The budget provides an increase of \$1,125,000 and 25 FTE Positions from the General Fund in FY 2007 for additional veterans' benefit counseling staff. This funding would allow the department to hire an additional 21 Veterans' Benefit Counselors and 4 administrative support staff. The U.S. Department of Veterans Affairs (VA) recommends a ratio of 1 Veteran Benefit Counselor (VBC) for 5,000 to 10,000 veterans. This additional funding would improve the Arizona ratio from 1 VBC for 15,000 veterans to 1 VBC for 9,600 veterans. Of the total, \$91,000 is for one-time start-up equipment.

The monies in this line item are used to assist Arizona veterans requiring assistance and counseling with benefit questions and completion of federal benefits applications.